

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEBRASKA

IN THE MATTER OF:)	CASE NO. 3:13BK50937 (D. Nev.)
)	Chapter 7
BLUE SUGARS CORPORATION,)	
f/d/b/a KL Energy Corporation,)	
)	
Debtor.)	
MIDWEST RENEWABLE ENERGY, LLC,)	A13-4028-TLS
a Nebraska limited liability company,)	
)	7:11CV5009
Plaintiff,)	
)	
vs.)	
)	
WESTERN BIOMASS ENERGY, LLC;)	
KL PROCESS DESIGN GROUP, LLC;)	
KL ENERGY CORP.; and)	
RANDALL P. KRAMER,)	
)	
Defendants.)	

REPORT & RECOMMENDATION

This matter is before the court on the status report filed by the plaintiff (Fil. No. 3). None of the defendants filed status reports as ordered.

The plaintiff filed this lawsuit in July 2011 to collect more than \$1 million in damages allegedly resulting from unpaid construction work performed at defendant Western Biomass Energy's ethanol plant in Lincoln County, Nebraska. Defendant KL Energy Corp., n/k/a Blue Sugars Corporation, has now filed a Chapter 7 proceeding in the District of Nevada, which resulted in the civil action being transferred to this court.

The automatic stay of 11 U.S.C. § 362 protects the debtor from any attempts to collect a debt from it, but the non-debtor defendants do not enjoy the same protection. Therefore, I respectfully recommend to the United States District Court for the District of Nebraska that it withdraw the reference of this adversary proceeding to proceed with the litigation against the parties not in bankruptcy, while staying the case as to the party in bankruptcy until the automatic stay is no longer in effect or until relief from the automatic stay is requested and obtained from the Nevada bankruptcy court.

The Clerk of the Bankruptcy Court shall process this recommendation pursuant to the local court rules.

DATED: July 2, 2013.

RESPECTFULLY SUBMITTED,

/s/ Thomas L. Saladino
Chief Judge

Notice given by the Court to:

Jerrold L. Strasheim
Terrance O. Waite
Patrick M. Heng
David P. Broderick
Randall P. Kramer
United States Trustee